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DEPARTMENT OF STATE

AIRGRAM

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NO.

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HANDLING INDICATOR

TO : Secstate WASHDC

AUG 8 REC'D

FROM : Amembassy ROME

SUBJECT : Bi-Lateral Italian-US Negotiations

REF : ROME 7399 - E 2873

DEPARTMENT OF STATE, A/CDC/MR
REVIEWED BY _____ DATE 28 MAR 1982
RDS☐or XDS☐EXT. DATE _____
TS AUTH. _____ DATE: August 6, 1968
ENDORSE EXISTING MARKINGS ☐
USIA ASSIGNED ☐ RELEASABLE☐
RELEASE DENIED☐
PA or FOI EXEMPTIONS _____

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Embassy encloses the Memorandum of Conversation with Counselor Serafini of the Foreign Ministry, on which the referred telegram was based. As will be noted, although expressing essential optimism on the outcome of the talks, Serafini returned to the previously, often-heard theme that the final settlement must be based on political considerations as well as the statistics involved.

Also attached are translations of two articles from the July 27 edition of Air Press, a privately owned Italian aviation bulletin edited by Mr. Fausto Alati. Signor Alati adopts a highly polemical tone, and his irritation with the low-key press treatment accorded the recent conversations shows through rather clearly.

ACKLEY

Enclosures:
1. Memorandum of Conversation
2. Translations

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Drafted by: ECON:JRDavis:tf 8-2-68

Contents and Classification Approved by: ECON:MAbrams

Clearances:

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MEMORANDUM OF CONVERSATION

July 30, 1968

Participants: Counselor Marcello Serafini, Foreign Ministry
Minister-Counselor Manuel Abrams, Embassy Rome
John R. Davis, Jr., First Secretary, Embassy Rome

Place: Ristorante Er Pescatore, Rome

Subject: Italian-U.S. Bilateral Aviation Talks

Counselor Serafini began by expressing general satisfaction at the outcome of the recent Solomon-Ortona discussions in Rome although he said he had had to give up several days of his leave to complete the 50-page summary of the talks which was in great demand throughout the Italian Government. He said that on the basis of the wide divergencies between the statistics presented by the two sides and the long and technical nature of the arguments between the experts, the Italian side felt it was more apparent than ever that the reaching of final agreement involved political decisions since it was too much to hope that the statistical experts could ever reach complete agreement.

Mr. Abrams observed that while there might be a political element in any decision, it would of course have to be based on the numbers and that therefore efforts to narrow the statistical gap between the two sides should certainly continue. Serafini agreed with this view and added that the figures were quite revealing in unexpected ways. General Santini, head of CIVILAVIA, had apparently been displeased to discover that U.S. carriers had a 9 percent non-paying load factor as compared to percentages between 4-1/2 and 6 percent in Europe.

Pursuing the theme of the necessity of a political decision, Serafini pointedly referred to Italy's cooperation in such important but unrelated areas as balance of payments and stressed that Italian agreement to discuss statistics had not lessened Italy's expectation that the U.S. would take the climate of overall bilateral relations into account in reaching a decision on civil air matters. Serafini expects that after the next meeting of Ambassador Ortona with Assistant Secretary Solomon in Washington in September the resumption of full-scale negotiations could be possible. The Italians would expect to hold such negotiations in Washington since the last round took place here in Rome.

(COMMENT: Despite the repetition of the "political" theme, Serafini has moved a long way in recognizing that an agreement on routes necessitates coming quite close in evaluating such routes.)

ECON:JRDavis:gb

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FROM: AIR PRESS
No. 30/68

NEGOTIATIONS FOR ITALY-U.S. AGREEMENT TO BE RESUMED AFTER THE VACATION PERIOD

Rome (Air Press) -- The Italy-U.S. conversations for the air traffic agreement, held in Rome last week, would not have been announced if AIR PRESS had not disclosed that they were taking place. The Ministry of Foreign Affairs, faced with our disclosure, was forced to confirm that conversations had taken place, and defined them as a "meeting of statistical experts, held in view of the solution of the problems connected with the negotiation of the air traffic agreement between Italy and the U.S." Again according to the official source -- and this borders on the ridiculous -- "the meeting took place because both Italy's Ambassador to Washington Ortona and Undersecretary of State Solomon happened to be in Rome."

The diplomatic correspondent of AIR PRESS, concerning the Italy-U.S. meetings in Rome, having noted that Agenzia Stampa Aeronautica has not released news with the usual promptness and accuracy, discloses that the conversations lasted three days: on Thursday on a private level (meeting between U.S. experts and airline people in Italy with the mission arrived from the U.S.), and on Friday and Saturday morning, when official meetings were held at the American Embassy in Rome, as well as group and "two-man" (Solomon-Ortona) meetings at the Farnesina. While a fair amount of discretion is understandable, there is no justification for the atmosphere of mystery created around the meetings by the Ministry of Foreign Affairs and the absurd explanation of a "casual meeting" in Rome of a U.S. Undersecretary of State and of an Ambassador to Washington vacationing in Piemonte! In any case, a decision was reached: to meet and continue the negotiations for the air traffic agreement right after the end of the vacation period.

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FROM: AIR PRESS
No. 30/68

AN UNRECOGNIZED "FRIENDSHIP"

Rome (Air Press) -- For over 13 months the flights between Italy and the U.S. have been operated under a system of "temporary permits." If this were a third-rate route, there would be no objections; it instead is the most important route in Italy's global air communications system and everybody knows how important and valuable the North Atlantic route is.

The present situation -- created by Italy's denunciation of the air traffic agreement, considered unfair and inadequate as regards both capacities and frequencies, as well as by the impossibility of developing Alitalia's services towards the Pacific, and by a succession of fruitless conversations -- cannot continue for long. It is ridiculous and unbecoming. AIR PRESS pointed out last week that Italy-U.S. conversations were in progress in Rome, but it seems that they have not led to any practical conclusion.

To save the key Italy-U.S. link, recourse was had to the device of "temporary permits," but how long this must last? How long will Italian planes be stopped on the Atlantic coast of the U.S. by unexplainable "noes"? Why is such a strict treatment reserved for Italy only? Perhaps because of the weakness of the Italian Government, which has always expressed, in Parliament and out, feelings of "friendship" to the U.S. From the standpoint of air relations, this "friendship" has never been reciprocated.

And this is a question of justice: three U.S. airlines fly into Italy with more flights than Alitalia has to the U.S., and there is also an appreciable difference: while Alitalia is implacably stopped on the Atlantic Coast, the U.S. airlines are using our country as a point of departure for other routes.

An unfriendly and unfair treatment, therefore, reserved for us by the U.S. on a strictly formal plane. It should then be borne in mind that Alitalia is making a substantial contribution through large aircraft orders, to the revenue produced by the U.S. aircraft industry: $3,000 per minute, and some of these dollars are Italian. The so-called coexistence line (New York - Moscow) inaugurated last week, was born after 10 years of negotiations. How long will it take to allow Italy, a "friendly Nation" to overfly the U.S.? According to logic, very little time. And yet we are now getting near the 14th month of "temporary system" .... Obviously, for the Washington government the professions of friendship by the Rome government count nothing -- as far as air transport is concerned.

And yet the Johnson administration would have an excellent card to play in this pre-electoral period: to show the millions of U.S. citizens of Italian descent that something concrete is being done for Italy.

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